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Investment Idea

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Investment Idea

UMediC Group Berhad

On a Growth Trajectory

By Thong Pak Leng, Vice President of Research

BUY

Price: RM0.305
Target price: RM0.400

UMediC Group Berhad (UMC, 0256) is involved in (i) the manufacturing, marketing and distribution of various medical, laboratory devices and consumables, (ii) the provision of after-sales services for all its products as well as (iii) the recent expansion to medical services. The company has established an international footprint with exports to more than 35 countries, supported by authorised distributors and partners in key markets. Meanwhile UMC's balance sheet is strong with net cash of RM10.3m as of 1QFY7/26. We expect UMC to register earnings of RM8.5m and RM9.3m for FY7/26 and FY7/27. BUY with target price of RM0.40 based on 16x PER over FY7/27 EPS. We like UMC for its (i) capacity expansion, (ii) strong industry tailwinds driven by rising healthcare spending; and (iii) expanding product portfolio and glaobal reach.

UMC operates its core manufacturing facilities in Batu Kawan, Penang, a well-established industrial hub with strong logistics connectivity and the availability of skilled labour. The company's facilities include modern cleanroom environments and specialised production lines supporting respiratory-related medical consumables, enabling consistent quality, regulatory compliance and efficient scale-up for both domestic and export markets.

UMC has completed the testing and commissioning of its Aseptic Blow Fill Seal (BFS) machine as of 8 December 2025 and is in the process of requalifying its ISO5/Class 100 cleanroom ahead of mass production. At the same time, the newly commissioned Water Treatment System has commenced the supply of Water for Injection (WFI), strengthening water quality standards to support its aseptic manufacturing.

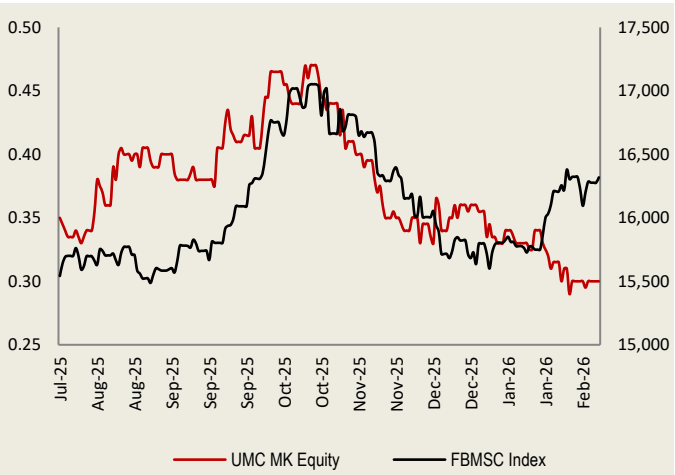
Upon completion of cleanroom requalification, UMC expects to ramp up production volumes, improve lead times and enhance cost efficiency. The Group aims to leverage its upgraded aseptic capabilities to support new product introductions, expand export penetration and move into higher value-added medical consumables.

UMC is expected to benefit from higher production capacity and improved scalability to meet growing demand both domestic and international. The adoption of aseptic BFS manufacturing, upgraded cleanroom facilities and WFI-grade water systems enhances product quality, regulatory compliance and access to international markets, while automation and shorter lead times support better cost efficiency and margin expansion. Overall, these improvements position UMC to broaden its product offerings, strengthen overseas penetration and transition from a capital investment phase into a more sustainable earnings growth path.

In January 2026, UMC has signed a conditional 60-year lease for a 3.1acre industrial land in Batu Kawan Industrial Park 3 for a new manufacturing facility, with construction expected to run from 2HFY7/27 to 1HFY7/29.

Technically Speaking

Resistance level	RM0.32
Support level	RM0.29



KLCI	1,747.54
YTD FBM KLCI change	4.0%
YTD FBM SC Index change	0.5%
YTD stock price change	-9.0%

Stock Information

Market Cap (RM'm)	114.0
Issued Shares (m)	373.9
52-week range (H)	0.59
52-week range (L)	0.29
Sharia Compliant	Yes

Major Shareholders

Dato' Ng Chai Eng	24.32%
Prof' Dato' Lau Chee Kheong	18.46%
Lim Taw Seong	16.70%

Summary Earnings Table

FY July (RM'm)	2024	2025	2026F	2027F
Revenue	54.6	48.6	55.8	60.3
EBITDA	14.9	13.3	15.4	17.0
Pretax profit	12.6	10.9	11.3	12.6
PATMI	9.0	8.1	8.5	9.3
Core PATMI	**9.0**	**8.1**	**8.5**	**9.3**
Consensus	-	-	8.3	9.3
Core EPS (sen)	2.4	2.2	2.3	2.5
EPS growth (%)	-12.8%	-9.5%	4.5%	9.0%
DPS (sen)	0.0	0.0	0.0	0.0
PER (x)	12.7	14.0	13.4	12.3
BV/Share (RM)	0.19	0.21	0.25	0.28
ROE (%)	13.3%	10.7%	11.0%	9.3%
Div. Yield (%)	0.0%	0.0%	0.0%	0.0%

Sources: Company, Rakuten Trade Research

COMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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Published:

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